

Manufacture's Purchase Credit ("MPC") can only be used to satisfy a liability under the Use Tax Act or Service Use Tax Act incurred on purchases of certain production related tangible personal property. See 35 ILCS 105/3-85 and 35 ILCS 110/3-70. (This is a GIL.)

June 23, 2006

Dear Xxxxx:

This letter is in response to your facsimile letter dated June 7, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Payment for the gas use tax for April deliveries will be sent today, but please be advised that we wish to pay this tax under protest beginning with the April 2006 tax period and forward. We have two opposing opinions from the Illinois Department of Revenue concerning the application of Manufacturer's Purchase Credits to the gas use tax. We asked the question whether MPC could be applied to satisfy gas use tax due through the Illinois Dept of Revenue on-line support center, and on March 8, 2006 we received an answer from a 'INDIVIDUAL' that 'MPC can be redeemed on the purchase of the gas delivery invoices of the gas itself, but delivery charges included are not eligible'. We therefore applied MPC from our available bank of credits to the April gas use tax due on line 25 of the tax return 'total credit you wish to apply from a credit memorandum' as we did not see any other line for this credit. Subsequently, we received the Notice of Assessment referenced above. I spoke with INDIVIDUAL-2 of the tax assessment office, and she is of the opinion that MPC cannot be applied to satisfy gas use tax. At this point we feel it is in our best interest to apply for a private ruling letter on this matter. If the issue is resolved in our favor, we wish to reserve the right to apply available MPC to the months we will have paid under protest, beginning with April 2006.

You can contact me directly today. Thank you.

DEPARTMENT'S RESPONSE:

The information provided to you by INDIVIDUAL-2 is correct. You may only use Manufacture's Purchase Credit ("MPC") to satisfy a liability under the Use Tax Act or Service Use Tax Act incurred on purchases of certain production related tangible personal property. See 35 ILCS 105/3-85 and 35 ILCS 110/3-70. MPC may not be used to satisfy any liability under the Gas Use Tax Law.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk